

## Message Text

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ACTION TRSE-00

INFO OCT-01 AF-06 EUR-12 NEA-09 ISO-00 FEA-01 AEC-05

AID-05 CEA-01 CIAE-00 CIEP-01 COME-00 DODE-00 EB-07

FPC-01 H-01 INR-07 INT-05 L-02 NSAE-00 NSC-05 OMB-01

PM-03 RSC-01 SAM-01 OES-03 SP-02 SS-15 STR-01 FRB-01

OPIC-03 AGR-05 /105 W

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R 061340Z JAN 75

FM AMEMBASSY NEW DELHI

TO SECSTATE WASHDC 6115

INFO AMEMBASSY ABU DHABI

AMEMBASSY JIDDA

AMEMBASSY KHARTOUM

AMEMBASSY KUWAIT

AMEMBASSY LONDON

AMEMBASSY TEHRAN

AMEMBASSY PARIS

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E. O. 11652: N/A

TAGS: EINV, EFIN, EAID, IN

SUBJ: TRIPARTITE INVESTMENT IN INDIA UTILIZING MIDDLE EAST  
OIL FUNDS

REF: STATE 281356

1. WE BELIEVE THAT TRIPARTITE INVESTMENT UTILIZING MIDDLE EAST OIL FUNDS REPRESENTS ONE OF THE MOST PROMISING AREAS FOR INDO-US COOPERATION AND THE GOI HAS ASKED THAT IT BE CONSIDERED AT THE JANUARY 20-21 MEETING OF THE ECONOMIC AND COMMERICAL SUBCOMMISSION OF THE JOINT COMMISSION.

2. INDIA IS INTERESTED IN THIS ISSUE IN TO RESPECTS (1) INVESTMENT  
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IN INDIA AND (2) INDIAN BUSINESS ACTIVITIES IN THE MIDDLE EAST.

THE ONLY EXAMPLE SO FAR OF THE FORMER IS THE KUDREMUH IRON ORE PROJECT FOR WHICH AN AGREEMENT IS EXPECTED TO BE SIGNED THIS MONTH BETWEEN IRAN AND INDIA. WE HAVE REPORTED AT LENGTH ON THIS PERHAPS ONE-HALF BILLION DOLLAR PROJECT WITH IRAN LIKELY TO PAY NOT ONLY IMPORT COSTS BUT ALSO LOCAL COSTS. THE GOI SEEMS TO HAVE DECIDED THAT ONLY US FIRMS ARE CAPABLE OF RUNNING THIS PROJECT AND HAS ASKED FOR USG ASSISTANCE IN CONTACTING US FIRMS CAPABLE OF MANAGING IT. WE AND COMMERCE ARE WORKING CLOSELY WITH THE GOI ON THIS.

3. IRAN HAS ALSO EXPRESSED INTEREST IN A SIMILAR VENTURE INVOLVING DEVELOPMENT OF BAUXITE IN THE GULF OF KUTCH AREA. FURTHER POSSIBILITIES EXIST WITH RESPECT TO OTHER INDIAN UNDEVELOPED BUT RICH RESERVES OF COPPER, LEAD, ZINC, NICKEL, ETC.

4. THERE IS UNLIKELY TO BE ANY SET ADMINISTRATIVE PATTERN, IN SUCH COOPERATION. IN THE CASE OF KUDREMUH, NEGOTIATIONS WERE ON A GOVERNMENT TO GOVERNMENT BASIS AND A NEW GOI CORPORATION WILL BE CREATED TO RUN THE OPERATION. IRANIAN (AND US) EQUITY WILL BE NIL WITH IRANIANS TO BE REPAID IN IRON PELLETS. US CONTRACTORS WILL BE OFFERED COST PLUS CONTRACTS AND SOME UNDOUBTEDLY HOPE TO BE ABLE TO MARKET INTERNATIONALLY SUCH IRON PELLETS AS IRAN CANNOT ABSORB.

5. GOI HAS ALSO HELD EXTENSIVE TALKS WITH MIDDLE EASTERN COUNTRIES REGARDING THE POSSIBILITY OF INDIAN FIRMS CONSTRUCTING OIL REFINERIES, FERTILIZER PLANTS, SPONGE IRON PLANTS, TEXTILE MILLS, AIRPORTS, CEMENT WORKS, ETC., IN SUCH COUNTRIES AS IRAN, SAUDI ARABIA, IRAQ, UNITED ARAB EMIRATES. NO MAJOR PROJECTS SEEMS TO HAVE REACHED THE SIGNING STAGE.

6. THE GOI IS INTERESTED IN DEVELOPING TRIANGULAR COOPERATIVE ARRANGEMENTS FOR SUCH CONSTRUCTION ACTIVITIES WITH US FIRMS, BUT ARE NOT SURE HOW TO PROCEED. WE HOPE THIS SUBJECT WILL BE EXPLORED FURTHER LATER THIS MONTH.

MOYNIHAN

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## Message Attributes

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**Capture Date:** 01 JAN 1994  
**Channel Indicators:** n/a  
**Current Classification:** UNCLASSIFIED  
**Concepts:** INTERGOVERNMENTAL COOPERATION, FOREIGN INVESTMENTS  
**Control Number:** n/a  
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**Draft Date:** 06 JAN 1975  
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**Disposition Date:** 28 MAY 2004  
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**Disposition History:** n/a  
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**TAGS:** EINV, EFIN, EAID, IN, US  
**To:** STATE  
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